

Message Text

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21

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 XMB-07 FRB-02 TRSE-00 NSC-10

DRC-01 RSC-01 /047 W

----- 073383

R 110941Z JAN 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 632

INFO USDOC WASHDC

AMCONSUL HONG KONG

C O N F I D E N T I A L TAIPEI 0243

PASS EXIM

HONG KONG FOR RAND

E.O. 11652 GDS

TAGS: ETRN, TW

SUBJECT: RAILWAY ELECTRIFICATION

REF: (A) STATE 005534, (B) TAIPEI 0109

1. TO DATE ANDERSON OF GE PLEASED WITH WAY NEGOTIATIONS ARE PROCEEDING AND AT MOMENT REQUESTS EMBASSY AND USG "DO NOTHING BUT SIT TIGHT." ANDERSON WILL BE JOINED ON JAN 13 BY GRAHAM HAMILTON, GE MANAGER, RAILROAD ELECTRIFICATION AND OVERSEAS OPERATION, AND NEVILLE ADAMS OF MK.

2. INVITATION TO BOTH GEC AND GE/MK DOES SUGGEST AN EFFORT TO PLAY ONE FIRM OFF AGAINST THE OTHER. ANDERSON STATES THIS WAS EXPECTED AND OBVIOUS IN MANNER WHICH SPECIFICATIONS AND INVITATION TO BID WERE DRAWN UP. TRA THUS FAR HAS NOT TALKED WITH GEC TO EXTRACT A CONCESSION AND THEN COM TO GE WITH REQUEST TO MEET OR BETTER COMPETITOR'S CONCESSION OR VICE VERSA.

3. AS MENTIONED REFTTEL (B), GE HAS SECOND PRIORITY FOR GROUP A BUT CONSIDERING GE LOCOMOTIVE OFFER "AS A SPECIAL
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CASE" AND INVITING GE TO NEGOTIATE FOR 74 LOCOMOTIVES

SUGGESTS AN OBVIOUS BIAS IN FAVOR GE (ALSO PROBABLY THE
USG FOR TRADE AND POLITICAL REASONS) IN AN ENDEAVOR TO
GIVE THE U.S. FIRM A SUBSTANTIAL SEGMENT OF GROUP A.
FROM THE VERY BEGINNING, GE'S PRIME INTEREST IN THE PROJECT
HAS BEEN THE SALE OF LOCOMOTIVES.

4. ANOTHER LARGE GROUP, BRITISH GEC, REPS ARRIVED JAN 9
TO SUPPLEMENT GROUP OF 12 ALREADY IN TAIPEI. WE SURMISE
GEC WILL HAVE MAJOR PROBLEM IN HOLDING PRICE LINE FOR
GREATLY REDUCED NUMBER LOCOMOTIVES AND EMU UNITS.

5. TRA HAS INDICATED THEY WILL NEGOTIATE WITH GE/MK FOR
CONSTRUCTION/ ANAGEMENT CONTRACT ON A TURNKEY BASIS WITH
GE/MK ASSUMING FULL RESPONSIBILITY AS WAS SUGGESTED IN
THEIR PROPOSAL.

6. FYI: COMMATT HAS BEEN AND IS IN ALMOST DAILY TOUCH
WITH ANDERSON.
MCCONAUGHY

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NNN

Message Attributes

Automatic Decaptioning: X
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